

Message Text

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ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 EB-11 STR-08 TRSE-00 L-03

CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15

PRS-01 SPC-03 OMB-01 COME-00 DRC-01 /104 W

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R 212231Z NOV 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2143

LIMITED OFFICIAL USE OTTAWA 2777

PASS AGRICULTURE D.L. HUME, R.J. GOODMAN, J.P. HARTMAN/FAS

E.O. 11652: N/A

TAGS: EAGR, CA, TGEN, US, ETRD

SUBJECT: GOC SURTAX ON FRESH BEEF AND CATTLE.

REF : (A) STATE 218094

(B) STATE 225795

1. COMMERCIAL COUNSELOR AND AGATT NOVEMBER 21 MET WITH EXTAFF (ROGER BULL), FINANCE, AGRICULTURE AND INDUSTRY TRADE & COMMERCE (ITC) OFFICIALS AND PRESENTED USG POSITION OF STRONG OPPOSITION TO THE SURTAX PER REFTELS.

2. COMMERCIAL COUNSELOR CITED PRESSURES ON USG TO SEEK REMOVAL OF SURTAX AND ASKED IF IMMEDIATE REMOVAL UNDER CONSIDERATION. OLIVER (DEPDIRECTOR, INTERNATIONAL ECONOMIC RELATIONS, DEPT. OF FINANCE) STATED THAT PRESENT INTENT IS TO WAIT THIRTY DAYS FROM IMPOSITION (NOV. 2) AND EVALUATE SITUATION AT THAT TIME.

3. C.R. PHILLIPS, DIRECTOR GENERAL, PRODUCTION AND MARKETING BRANCH, AGRICULTURE AND M. HENEY, DIRECTOR GENERAL, AGRICULTURE BRANCH, ITC BOTH CITED USG MEAT CONTROLS WHICH ENDED EARLY SEPTEMBER AS CAUSING WIDE U.S.-CANADA PRICE
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SPREAD AND REASON FOR GOC SURTAX ACTION. AGATT CITED GOC'S

ANNUAL FAVORABLE BALANCE OF TRADE IN BEEF, VEAL AND CATTLE EXPORTS, STATING THAT THIS GOC SURTAX ACTION STRENGTHENS CASE FOR THOSE ON US SIDE WHO IN FUTURE MAY WISH TO SIMILARLY RESTRICT CANADIAN ACCESS TO U.S. MARKET FOR PRICE REASONS. AGATT STATED THAT CHARLES GRACEY, MANAGER OF CANADIAN CATTLEMEN'S ASSOCIATION (CCA) RECENTLY TOLD HIM THAT THE ASSOCIATION WOULD NOT PRESS FOR EXTENSION AFTER THE THIRTY DAYS. AGATT STATED THIS INDICATIVE OF CCA GROWING APPREHENSION OVER POTENTIAL IMPACT OF SURTAX ON FUTURE U.S.-CANADIAN MEAT AND LIVESTOCK TRADE RELATIONS.

4. AGATT EXPRESSED CONCERN WITH LACK OF ADEQUATE CONSULTATION PROCEDURES WITHIN MEANING OF 1970 LETTER EXCHANGE, AND POINTED OUT WHILE LETTERS MENTIONED CERTAIN COMMODITIES CERTAINLY INTENT WAS CONSULTATION PROCEDURE BE APPLICABLE TO SURTAX ACTION ON ANY AGRICULTURAL COMMODITY. C.R. PHILLIPS STATED LETTERS LIST ONLY FRESH FRUIT, FRESH VEGETABLES, POULTRY AND POULTRY PRODUCTS.

5. COMMERCIAL COUNSELOR ASKED ABOUT GOC POSITION ON GATT NOTIFICATION. OLIVER STATED SITUATION UNPRECEDENTED AND GOC NOT SURE WHICH ARTICLE APPLICABLE AND ASKED US OPINION ABOUT ARTICLE XXIII. COMMERCIAL COUNSELOR STATED THAT SELECTING RELEVANT ARTICLE RESPONSIBILITY OF GOC BUT IN ANY CASE USG CONSIDERS TARIFF BINDINGS SERIOUS COMMITMENT AND GATT SHOULD BE NOTIFIED. COMMERCIAL COUNSELOR ADDED THAT USG WILL PRESENT NOTE TO GOC ON SURTAX AND REMINDED GOC OFFICIALS THAT DEPUTY ASSISTANT SECRETARY RENNER TOLD CANADIAN EMBASSY OFFICIALS AT NOVEMBER 2 MEETING THAT USG INTENDS TO SEEK COMPENSATION AT LATER DATE.

6. COMMENT: EMBOFFS BELIEVE THEY MADE LITTLE OR NO HEADWAY. ONLY ENCOURAGING STATEMENT FROM CANADIAN SIDE WAS OLIVER'S REFERENCE TO DOMESTIC COMPLAINTS ABOUT INFLATIONARY EFFECT OF SURTAX. OUR PRESENT READING OF GOC OFFICIALS' ATTITUDES PROMPTS US TO RECOMMEND PROCEEDING WITH FORMAL NOTE AND REQUEST FOR COMPENSATION.
SCHMIDT

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Message Attributes

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Disposition Authority: garlanwa
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Disposition Date: 28 MAY 2004
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Disposition Reason:
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